

FEDERAL MAIL SECTION

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Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of)	
)	DA 96-1914
Investigation of GTE Telephone Operating)	
Companies, GTE System Telephone)	
Companies, and Sprint Local Telephone)	
Companies New Expanded Interconnection)	
Offerings)	CC Docket No. 96-234
)	
GTE System Telephone Companies)	
Revisions to Tariff F.C.C. No.1)	Transmittal Nos. 188, 189, 190
)	
GTE Telephone Operating Companies)	
Revisions to Tariff F.C.C. No. 1)	Transmittal Nos. 1055, 1058, 1060
)	
Sprint Local Telephone Companies)	
Revisions to Tariff F.C.C. No.1)	Transmittal No. 18

ORDER

Adopted: November 15, 1996

Released: November 15, 1996

By the Chief, Competitive Pricing Division

I. INTRODUCTION

1. On October 2, 1996, GTE System Telephone Companies (GSTC) and GTE Telephone Operating Companies (GTOC) filed Transmittal Nos. 188 and 1055, respectively, to become effective November 16, 1996. These transmittals propose to revise GSTC's and GTOC's Tariff F.C.C. No. 1 to reinstate physical collocation expanded interconnection service. On October 17, 1996, MCI Communications Corporation (MCI) and MFS Communications Company, Inc. (MFS) filed petitions to suspend and investigate Transmittal Nos. 188 and 1055. On November 6, 1996, GSTC and GTOC filed Transmittal Nos. 189 and 1058, respectively, which modify Transmittal Nos. 188 and 1055. On November 13, 1996, GTE Service Corporation (GTE) filed a Reply on behalf of GTOC and GSTC, along with a Motion to Accept

Late-Filed Reply.¹ On November 14, 1996, GTOC and GSTC filed Transmittal Nos. 1060 and 190, respectively, which provide for additional modifications to Transmittal Nos. 188 and 1055.

2. On October 11, 1996, Sprint Local Telephone Companies (Sprint) filed Transmittal No. 18, which proposes to establish rates, terms, and conditions for physical collocation service in Sprint's Florida, Illinois, Indiana, Missouri, Nevada, North Carolina, Ohio, Pennsylvania, Tennessee, and Virginia offices and modifies several provisions of Sprint's virtual collocation tariff. On October 25, 1996, MFS filed a petition to suspend and investigate Transmittal No. 18. On October 28, 1996, MCI and AT&T Corporation (AT&T) filed petitions to suspend and investigate Transmittal No. 18. On November 5, 1996, Sprint filed a reply.

3. For the reasons set forth below, we find that GSTC's Transmittal Nos. 188, 189, and 190, GTOC's Transmittal Nos. 1055, 1058, and 1060, and Sprint's Transmittal No. 18 raise significant issues of lawfulness regarding the rate levels, rate structures, and terms and conditions of the expanded interconnection services proposed by these LECs. We therefore suspend for one day the effective date of all these transmittals, and initiate an investigation into their lawfulness. These tariffs will be subject to an accounting order to facilitate any refunds that may later prove necessary.

II. SUMMARY OF PLEADINGS

A. GTE's Transmittal Nos. 188, 189, 190, 1055, 1058, and 1060.

4. MCI argues that GTE proposes to increase significantly its switched and special access cross-connect rates without justification.² MFS argues that GTE's land and building cost factors are unreasonably high and unjustified, and that GTE's use of a total element long run incremental cost (TELRIC) charge is inconsistent with the Commission's rules and results in double recovery of GTE's costs.³ MCI objects to GTE's rate structure for its proposed building modification⁴ and GTE's tariff provision that permits it to reclaim partitioned space, cable space, or conduit space.⁵

5. MCI and MFS object to certain charges that GTE has tariffed on an individual

¹ GTE Motion to Accept Late-Filed Reply at 1. The Commission's policy is that motions for extensions of time shall not be routinely granted. *See* 47 C.F.R. § 1.46(a). Nevertheless, we grant GTE's Motion to Accept Late-Filed Reply because no further pleadings are permitted at this stage of the proceeding and, therefore, no party will be prejudiced by the acceptance of this Reply.

² MCI Petition to Suspend and Investigate (MCI Petition) at 2-4.

³ MFS Petition to Suspend and Investigate (MFS Petition) at 4-5.

⁴ MCI Petition at 6-7.

⁵ MCI Petition at 9.

case basis (ICB), arguing that ICB charges violate Commission policy established in the *Virtual Collocation Suspension Order*.⁶ MFS also objects to certain provisions that limit the circumstances under which GTE will provide physical collocation or limit the types of equipment an interconnector can physically collocate.⁷ In addition, MFS complains about provisions that appear to prohibit collocators from interconnecting their networks, and provisions that MFS alleges result in disparate obligations and responsibilities between the LEC and the collocator.⁸

6. In its reply, GTE states that its proposed cross-connect rates are cost-based and reasonable.⁹ According to GTE, its proposed rates are higher than previous rates because some legitimate costs were inadvertently excluded in previous filings, and GTE is using a 90% fill factor in developing its cross-connect rates, as opposed to a 100% fill factor in previous filings.¹⁰ GTE defends its use of TELRIC methodology for determining costs¹¹ and argues that its building modification rate structure is reasonable.¹² In response to allegations that its ICB pricing is inconsistent with existing expanded interconnection rules, GTE states that ICB pricing is the best method for developing rates in situations where GTE lacks sufficient experience to estimate costs.¹³ Notwithstanding arguments to the contrary, GTE states that its tariff does not limit locations available for physical collocation and does not prohibit collocators from interconnecting their networks.¹⁴

B. Sprint Transmittal No. 18

7. MCI, MFS, and AT&T argue that Sprint has not provided sufficiently detailed information to establish the reasonableness of its rates and has failed to offer evidence that its use of TELRIC is a reasonable methodology from which to develop those rates.¹⁵ MCI also argues that Sprint's requirement that interconnectors use fiber optic cabling to interconnect with

⁶ MCI Petition at 8; MFS Petition at 11.

⁷ MFS Petition at 5-8.

⁸ MFS Petition at 8, 11-12.

⁹ GTE Reply at 2-3.

¹⁰ *Id.* at 3.

¹¹ *Id.* at 3-4.

¹² *Id.* at 4-6.

¹³ *Id.* at 6.

¹⁴ *Id.* 6-10.

¹⁵ MCI Petition at 2-3; MFS Petition at 2-3; AT&T Petition to Suspend and Investigate (AT&T Petition) at 2.

their networks may increase an interconnector's costs because collocators may be able to interconnect more efficiently using coaxial cable.¹⁶ Finally, MCI argues that certain terms and conditions proposed by Sprint unnecessarily increase interconnectors' costs by limiting interconnection options.¹⁷

8. MFS and AT&T argue that Sprint's rate levels for several elements appear to be excessive.¹⁸ MFS argues that Sprint has failed to identify its overhead loading factors assigned to its expanded interconnection services, thereby making it impossible to determine whether Sprint's overhead loadings are reasonable,¹⁹ and AT&T argues that Sprint's overhead loadings are excessive.²⁰ MFS also objects to Sprint's per-foot rates for riser space, tariff provisions that appear to prohibit collocators from contracting directly with suppliers and installation vendors, and DC power charges set on a fuse amperage basis.²¹ AT&T objects to Sprint's tariff provisions that restrict the type of equipment that may be installed in the collocation space, limit electrical cross-connections to the DS0, DS1, and DS3 levels, limit the amount of central office space an interconnector may request for collocation, and require separate power leads for each bay of equipment in the interconnector's space.²²

9. In its reply, Sprint argues that the overhead loading factors it has assigned to expanded interconnection services are reasonable and that petitioners' arguments to the contrary lack factual support or analysis.²³ Sprint also disputes allegations that it failed to provide sufficient support for its direct costs.²⁴ In response to MFS's arguments regarding rates and terms for riser space and DC power charges, Sprint states that it is willing to consider alternative approaches.²⁵ Sprint also states that it will make every effort to accommodate requests for additional collocation space and that if additional levels of cross connects, beyond the DS0, DS1,

¹⁶ MCI Petition at 4-5.

¹⁷ *Id.* at 5.

¹⁸ MFS Petition at 2-3; AT&T Petition at 3-4.

¹⁹ MFS Petition at 2-3.

²⁰ AT&T Petition at 3-4.

²¹ MFS Petition at 4-5.

²² AT&T Petition at 5-8.

²³ Sprint Reply at 3.

²⁴ *Id.* at 3 and 5.

²⁵ *Id.* at 3-4.

and DS3 level, are requested, Sprint will make appropriate changes to its collocation tariff.²⁶ Notwithstanding MCI's argument to the contrary, Sprint states that its tariff does not limit the type of cabling that a collocater may utilize for the purpose of collocation.²⁷

III. DISCUSSION

10. Based on our review of the record, we find that GSTC's Transmittal Nos. 188, 189, and 190, and GTOC's Transmittal Nos. 1055, 1058, and 1060, and Sprint's Transmittal No. 18 raise significant issues of lawfulness regarding the rate levels, rate structures, and terms and conditions of their proposed physical collocation services. We also find that Sprint's Transmittal No. 18 raises significant questions of lawfulness regarding rate levels, rate structures, and terms and conditions of the proposed revisions to its virtual collocation services. We therefore suspend these transmittals for one day and initiate an investigation into their lawfulness. In addition, we will issue a separate order designating the issues to be investigated and establishing a pleading cycle. The rates in GSTC's Transmittal Nos. 188, 189, and 190; GTOC's Transmittal Nos. 1055, 1058, and 1060; and Sprint's Transmittal No. 18 will be subject to an accounting order to facilitate any refunds that may later prove necessary.

IV. ORDERING CLAUSES

11. ACCORDINGLY, IT IS ORDERED that, pursuant to Sections 204(a) of the Communications Act of 1934, as amended, 47 U.S.C. §§ 204(a), and Section 0.291 of the Commission's Rules, 47 C.F.R. § 0.291, GTE System Telephone Companies Transmittal Nos. 188, 189, 190, GTE Telephone Operating Companies Transmittal No. 1055, 1058, 1060 ARE SUSPENDED for one day and an investigation of the physical collocation provisions of these transmittals IS INSTITUTED.

12. IT IS FURTHER ORDERED that, pursuant to Sections 204(a) of the Communications Act of 1934, as amended, 47 U.S.C. §§ 204(a), and Section 0.291 of the Commission's Rules, 47 C.F.R. § 0.291, Sprint Local Telephone Companies' Transmittal No. 18 IS SUSPENDED for one day and an investigation of the physical collocation and virtual collocation service provisions of this transmittal IS INSTITUTED.

13. IT IS FURTHER ORDERED that, pursuant to Section 204(a) of the Communications Act, as amended, 47 U.S.C. § 204(a), GTE System Telephone Companies, GTE Telephone Operating Companies, and Sprint Local Telephone Companies SHALL KEEP ACCURATE ACCOUNT of all earnings, costs, and returns associated with the rates that are subject to these investigations, and of all amounts paid thereunder and by whom such amounts are paid.

²⁶ *Id.* at 5.

²⁷ *Id.*

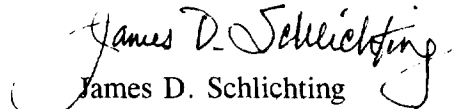
14. IT IS FURTHER ORDERED that GTE Service Corporation's Motion to Accept Late-Filed Reply IS GRANTED.

15. IT IS FURTHER ORDERED that the petitions to suspend and investigate filed by MCI Communications Corporation, AT&T Corporation, and MFS Communications Company, Inc. ARE GRANTED.

16. IT IS FURTHER ORDERED that GTE System Telephone Companies, GTE Telephone Operating Companies, and Sprint Local Telephone Companies SHALL FILE tariff revisions within five business days of the release date of this Order to reflect these suspensions.

17. IT IS FURTHER ORDERED that, for these purposes, we waive Sections 61.56, 61.58 and 61.59 of the Commission's Rules, 47 C.F.R. §§ 61.56, 61.58, and 61.59. GTE System Telephone Companies, GTE Telephone Operating Companies, and Sprint Local Telephone Companies should cite the "DA" number of the instant Order as the authority for this filing.

FEDERAL COMMUNICATIONS COMMISSION


James D. Schlichting
Chief, Competitive Pricing Division
Common Carrier Bureau